

VZCZCXR05215

PP RUEHCHI RUEHDT RUEHHM RUEHJO RUEHNH
DE RUEHPF #0655/01 0970340

ZNR UUUUU ZZH

P 070340Z APR 06

FM AMEMBASSY PHNOM PENH

TO RUEHC/SECSTATE WASHDC PRIORITY 6412

INFO RUCNASE/ASEAN MEMBER COLLECTIVE PRIORITY

RUEHXI/LABOR COLLECTIVE PRIORITY

UNCLAS SECTION 01 OF 02 PHNOM PENH 000655

SIPDIS

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STATE FOR EAP/MLS, DRL/IL, EB/TPP

E.O. 12958: N/A

TAGS: [ELAB](#) [ECON](#) [PGOV](#) [KTEX](#) [CB](#)

SUBJECT: CAMBODIA: GARMENT SECTOR STRIKES RISE SHARPLY

REF: PHNOM PENH 526

¶11. (SBU) SUMMARY. More than twice as many workers (16,000) were involved in strikes in February and March of this year than in the two previous months. The dramatic increase is probably due to a number of factors: resurgence of activism after months of economic and political uncertainty, leadership changes at large unions, increased unilateral and anti-union action by factory managers, frustration with the arbitration process, and the approaching Khmer New Year holidays. Industrial action is also taking on a new character, as strikes which earlier comprised workers demanding severance pay and other basic rights for themselves are increasingly about raising wages and have the support of other workers striking in solidarity. While unions' increased comfort level with the tool of striking is a positive sign, their sometimes rash behavior and unrealistic demands show that the labor movement still has much maturing to do. END SUMMARY.

Strikes Rise Dramatically in February and March

¶12. (U) Strikes in the garment sector rose significantly in February and March, according to manufacturers and union representatives. Ken Loo, Secretary General of the Garment Manufacturer's Association of Cambodia, reported that while there were three garment factory strikes each in December 2005 and January 2006; there were eight strikes in February 2006 and five in March 2006. Whereas 2,881 workers participated in strikes in December and 1,943 participated in strikes in January; on February 10, 220 workers went on strike and 5,800 workers went on strike in March. According to a partial list compiled by American Center for International Solidarity (ACILS) director Alonzo Suson, the pro-opposition Free Trade Union of Workers of the Kingdom of Cambodia (FTU) and the independent Cambodian Coalition of Workers Democratic Unions (CCAWDU) have led the majority of the strikes; but other unions, including pro-CPP groups, have led strikes as well.

Ministry of Labor: What strikes?

¶13. (SBU) Koy Tepdaravuth, Director of the Labor Dispute Department of the Ministry of Labor and Vocational Training, denied that the number of strikes had increased, but pledged his commitment to send his staff to conciliate any strike that does occur. (Comment: The Ministry of Labor and Vocational Training has been largely ineffective since it split from the Ministry of Social Affairs, Veterans, and Youth in July 2004. This response likely indicates an unwillingness to officially recognize a problem that the ministry should be taking a larger role to solve. End Comment.)

Multiple Causes for Increased Labor Unrest

¶4. (U) Labor observers point to multiple factors contributing to the increased number of strikes:

-- Return to a more relaxed political and economic climate: During the economic uncertainty following the end of the quota system in January 2005 and the political uncertainty following the October 2005 and December 2005 crackdowns on union and human rights leaders, unions were afraid to take action. Now that both the economic and political climates have improved, they have adopted a more active posture.

-- Return of FTU leader Chea Mony: Mony reports that employers took advantage of his union members while he was in self-imposed exile in Europe. Now that he has returned, his unions are addressing their grievances. Other labor observers suggest that perhaps Mony is trying to demonstrate his strength and re-assert himself on the labor scene after his extended absence.

-- Departure of CCAWDU leader Chhorn Sokha: CCAWDU Vice President and former President Chhorn Sokha was forced out of CCAWDU in a very public fight with CCAWDU president Ath Thorn in February 2006. While the removal was ostensibly over charges that Sokha accepted bribes, labor observers saw the dispute as a power struggle between the elected president and his charismatic vice president, who, as a vocal, effective, and female union leader, was the darling of the international labor community. Many believe that Sokha was the voice of pragmatism within the union, and with her departure, the union is acting more rashly. Ath Thorn may also be trying to

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show his strength and decisiveness as a leader now that Sokha is out of the way.

-- Increased anti-union harassment and unilateral changes in contracts: Better Factories Cambodia's latest factory monitoring reports document increased union harassment, including termination of union leaders, and the unilateral change of contracts from undetermined length to fixed length (reftel). Alonzo Suson reports that these are key themes in several of the labor disputes over the past two months.

-- Frustration with the arbitration process: Mony reported that many of his union members are frustrated with non-implementation of arbitral awards. (Note: Although participation in the arbitration process is mandatory, either the union or the employer can object to an arbitral award, making the award non-binding. End Note.) Union members see no value in going through the time and hassle of arbitration if the employer is likely to throw out the decision. As a result, several of his factory level unions have opted to (illegally) conduct strikes before arbitration begins.

-- Approaching holidays: There is often a small rise in the number of strikes in the weeks before Khmer New Year (April 14-17), one of Cambodia's most important holidays, as workers demand additional holidays, a holiday bonus, etc.

Garment Sector Strikes Take On a New Character

¶5. (U) In addition to becoming more frequent, garment sector strikes are showing increased participation by solidarity strikers, as opposed to just strikers with a personal stake in the dispute. Ken Loo reports that whereas in the past, strikes were often confined to a single department within a large factory, now there is a "It's our department now, but it could be your department later" feeling within factories. Several days after CCAWDU's March 6 announcement that several hundred Flying Dragon workers would march to the U.S. embassy to ask for support in a labor

dispute, CCAWDU President Ath Thorn threatened to involve 25,000 workers in a multi-factory strike centering on Flying Dragon issues. Labor Assistant dissuaded CCAWDU from leading what would appear to outsiders as a protest against the embassy. EconOff admonished CCAWDU leadership for its actions' potential to make enemies for the union and their appearance of being unreasonable through their rash decisions.

¶6. (U) The types of demands made by unions are also changing -- becoming less about demanding respect for workers' basic rights and more about demanding higher wages. Alonzo Suson told EconOff that last year most demonstrations and strikes were due to the closing of factories without giving severance pay to the workers. This year, in addition to strikes over unilateral changes in contracts and anti-union harassment, unions are increasingly demanding higher wages and lower piece-rate quotas. Ken Loo reported that, at the Bright Sky factory, workers demanded that every worker receive a USD 5-10 per month incentive bonus that was recently introduced to reward top performers and motivate workers. Moreover, Loo reports that workers frequently make unrealistic demands, including asking for wages that would push labor costs over what the factory is paid to produce each piece.

¶7. (SBU) COMMENT. Increased labor disputes signal both good and bad news for Cambodia. On the positive side, the increased strikes are a refreshing return to activism after more than a year of economic and political fears that dampened union activity. However, the strikes also demonstrate the labor movement's immaturity. Some of the unions lack the experience to understand what realistic wage demands are, and a few union leaders seem eager to showcase their power in unwise and illegal pre-emptive strikes rather than participate in the legally-mandated labor mediation and arbitration process.

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